

**Milestones  
in the  
Collection and  
Use of Data  
for  
Federal Deposit Insurance  
1934–1998**

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Any insurer requires information on insured entities to assess its risk exposure, set premiums, and establish adequate reserves to pay claims. Information on insured depository institutions collected by federal bank regulators has evolved considerably since legislation created the Federal Deposit Insurance Corporation in 1933. The milestones listed below chronicle significant events in the FDIC's collection and use of information needed by the Corporation to administer its insurance and supervisory responsibilities. Information used for other purposes, such as the enforcement of consumer protection or anti-trust laws, is not included.

## Bank Statistics before Federal Deposit Insurance

The publication of U.S. banking statistics predates the creation of the Federal Deposit Insurance Corporation. On March 1, 1819, the U.S. House of Representatives passed a resolution requiring all state banks to forward to the Secretary of the Treasury a one-time statement of capital notes issued and in circulation. Federal collection of statistics for banks began in 1833 under a resolution passed by the U.S. House of Representatives in the previous year. The resolution, however, did not impose a reporting requirement on banks, but rather directed the Secretary of the Treasury to present annually to the Congress such reports on the condition of banks as could be gathered from the various states. An 1836 law gave the Secretary of the Treasury the authority to collect information, as frequently as needed, on state banks that were used as federal depositories.

The National Banking Act of 1863 established the current system of nationally chartered banks, administered by the Comptroller of the Currency. The act mandated quarterly reporting by national banks, which also were required to publish these reports in local newspapers. In 1869, Congress modified the law requiring reporting by national banks. Rather than having banks report on the first Tuesdays of January, April, July, and September, the Comptroller was to "call" periodically for reports of their condition as of some past day.<sup>1</sup> The new law responded to concerns that banks were preparing themselves to appear stronger than they actually were for a specific reporting date that they knew in advance. In 1873, the Comptroller was authorized to collect balance-sheet data from state banks as well. Establishment of the Federal Reserve System in 1913 resulted in a uniform system of data reporting by banks that were members of the System.<sup>2</sup>

<sup>1</sup> The practice of "surprise" reporting dates ended in the mid-1970s when Call Report dates became tied to the end of each calendar quarter.

<sup>2</sup> See Board of Governors of the Federal Reserve System, *All-Bank Statistics, United States, 1896-1955* (1959).

The regulation and supervision of FDIC-insured depository institutions—which include commercial banks, savings banks, and savings associations—is divided among several federal banking regulators.<sup>3</sup> The milestones take this supervisory structure into account.

## Milestones

### 1933

***The FDIC is established and empowered to collect information.*** The Banking Act of 1933 established the FDIC as a temporary corporation and gave it authority to provide deposit insurance to banks. On January 1, 1934, the FDIC began offering deposit insurance of \$2,500 per account.<sup>4</sup> The Banking Act of 1935 made the FDIC a permanent independent corporation and gave it the authority to obtain financial information from insured state-chartered banks that were not supervised by the Federal Reserve. In 1934, Call Reports contained six pages—a one-page semiannual balance sheet with three pages of supporting schedules and a two-page annual income statement—comprising 233 reportable items.

### 1934

***FDIC begins to publish annual statistics on the banking industry.*** The FDIC first published aggregate industry balance sheets and income statements compiled from Call Reports in its first (1934) *Annual Report*. Similar statistics would be published every year thereafter in various publications. The amount of detail published has increased with the complexity of the banking industry and today the FDIC publishes these industry statistics in two related publications. *Statistics on Banking* is available quarterly, covering the most recent Call Report date. The annual *Historical Statistics on Banking* contains year-by-year data beginning with 1934.

<sup>3</sup> To simplify the discussion, FDIC-insured depository institutions are collectively referred to as “banks.” FDIC insures several categories of “banks” including: 1) nationally-chartered banks (supervised by the Office of the Comptroller of the Currency); 2) state-chartered banks that are members of the Federal Reserve System (supervised by the Federal Reserve Board); 3) state-chartered banks which are not members of the Federal Reserve System (supervised by the FDIC); 4) state-chartered savings banks (also supervised by the FDIC); and, 5) state and federal savings associations (supervised by the Office of Thrift Supervision). Banks in categories 3 and 4 are referred to as state nonmember banks.

<sup>4</sup> In mid-1934, the insurance coverage was increased to \$5,000 per account. This would be equivalent to \$61,000 today, using the Consumer Price Index (CPI) to adjust for inflation.

## 1935

***Reporting forms are standardized.*** Representatives of federal bank supervisory agencies developed a standardized balance-sheet report form, which was approved by the National Association of State Bank Supervisors and adopted by many state banking departments. The FDIC Board approved the purchase of a Burroughs adding machine and metal stand at a cost of \$218.25.

## 1942

***The FDIC reduces the number of items reported in Call Reports.*** By 1938, the number of balance-sheet items reported by state nonmember banks had increased significantly, primarily because of the addition of information on securities maturities, bank premises and repossessed real estate. Consequently, in 1942 the FDIC adopted a simplified Call Report form already used by the other federal bank supervisory agencies and most states. The simplified Call Report was developed “with a view to reducing the burden of reporting and conserving the use of manpower both in the banks and the supervisory agencies. It is estimated that the work of the banks in preparing statements of condition has been cut nearly in half by use of the simplified statement. The forms were approved by the Bureau of the Budget.”<sup>5</sup>

## 1954

***Public demand for complex studies increases.*** The FDIC’s 1954 *Annual Report* included a study showing, by size of bank, the assets and liabilities of banks and frequency distributions that arrayed banks according to various ratios. By 1963, the tabulations necessary for updating this study took over four months.

## 1960

***Computerization begins.*** The need to avoid unwarranted delays in tabulating the 1936 Call Report data prompted the FDIC to lease motor duplicating keypunch machines and manual feed verifiers in 1937.<sup>6</sup> In 1960, the FDIC used the Federal Reserve Board’s IBM 650 computer for “special purposes” that required tabulation. That same year, the FDIC Board of Directors established an Automated Data Processing Study Group; the group recommended that the FDIC obtain a computer and train staff. In 1963, the FDIC was

<sup>5</sup> FDIC, *Annual Report 1942* (1943), 16.

<sup>6</sup> New tabulations of income data were added to the 1936 *Annual Report*. The FDIC used various card processing machines at least up to 1963.

accorded up to ten hours per week of “second-shift” processing time on a Federal Reserve Board IBM 1410 computer to analyze Call Reports filed by state nonmember banks. In 1965, the FDIC Board approved the acquisition of the FDIC’s first programmable main-frame computer to process Call Reports and perform other business tasks. A batch Call processing system was implemented in about 1967, and the system began being upgraded to on-line processing in 1985. By 1974, the FDIC had installed remote terminals to provide supervisory staffs with direct access to computerized Call Reports and examination data. Personal computers were deployed on a limited basis beginning in the mid-1980s. In the late 1980s, PCs began to become interconnected through Local Area Networks (LANs) serving various geographic locations, a development compelling the Corporation to provide PCs to most office staff. The LANs did not become fully interconnected until the early 1990s.

## 1961

***Reporting frequency is increased.*** As a result of statutory changes in the method of computing deposit insurance assessments, each insured bank was required to file four Reports of Condition a year.<sup>7</sup> In 1976, larger banks would be required to begin filing income statements quarterly, while smaller banks would be required to file them semiannually. In 1983, all banks would be required to file income statements and balance sheets quarterly.

## 1967

***Banks are provided with comparative reports.*** The FDIC reported that “recent technological developments have made it possible for the Corporation to provide each insured bank with individualized operating statistics, showing balance sheet and income changes and various operating ratios, based on mid-year and end-of-year Reports of Condition and on the annual Report of Income and Dividends. These statistics may be compared with similar data for all insured banks within the State and for certain local areas.” The FDIC did not distribute these “Comparative Performance Tables” to the public.

## 1969

***Accounting rules are imposed to increase the usefulness of income reports.*** Banks with assets of \$50 million or more were required to report income and expenses on an accrual basis. Historically, smaller banks typically reported income on a cash basis. In

<sup>7</sup> Most states, the Federal Reserve Board, and the Office of the Comptroller of the Currency were already requiring banks under their supervision to file quarterly Reports of Condition.

1970 the threshold for reporting on an accrual basis was lowered to \$25 million, and later to \$10 million. By 1985 all banks, regardless of size, were required to report their financial position and results of operations on an accrual basis.

## 1971

*Call Reports are provided to the public on magnetic tape.* The FDIC sold Reports of Condition filed by each of the 14,000+ commercial banks to the public on magnetic tape for \$25. A private-sector consultant analyzed and extracted data from the tape to market “value-added” information derived from Call Reports to the banking industry and bank analysts. Today, numerous private-sector companies purchase and reformat bulk Call Report data for their own use and to create commercial products they market to the public for a fee.

## 1972

*Bank income statements are made available to the public.* Full Call Reports—balance sheet, income statement and supporting schedules—were made available to the public upon request. Previously, only the Report of Condition (balance sheet) portion of the Call Report had been disclosed for individual banks. Call Reports comprised six pages (225 reportable items, eight fewer than were being reported in 1934).

## 1973

*Call Reports are expanded to include results from foreign operations.* Before 1972, Call Reports reflected only domestic operations, i.e., they excluded activities of foreign branches and subsidiaries located outside the United States. In 1972, banks were required to include information on foreign offices and subsidiaries in their balance sheets only. When this requirement was implemented, 105 banks held nearly 40 percent of their assets in foreign offices. Beginning in 1976, the income statement included income and expenses from foreign operations. In that year, 143 banks operated foreign offices.

## 1976

*Fines are implemented.* The FDIC began fining state nonmember banks for failing to submit their Call Reports on time, i.e., within 30 days after the end of the quarter. Initially banks were fined \$100 per day (up to a maximum of \$1,000 for each occasion) for delinquent reports. The FDIC did not believe it had the authority to fine banks for submitting inaccurate Call Reports unless the reports were so grossly inaccurate as to be virtually useless. To help banks complete or correct their Call Reports, the FDIC installed a toll-free telephone number that banks could call for information and assistance, and later began

conducting banker Call Report preparation seminars. In 1982, the FDIC reinforced previous examiner guidance directing examiners to check Call Reports during bank examinations. The Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) further empowered the federal banking regulators to fine banks that submitted late or inaccurate Call Reports. According to the legislation, fines can range from \$2,000 per day to \$1 million per day but may not exceed 1 percent of total assets.<sup>8</sup>

## 1977

*Computerized surveillance systems are implemented.* After several years of testing, the FDIC adopted a computerized system that screened Call Reports “to aid the examination process by monitoring banks between examinations and by identifying possible adverse trends or developing problems in a particular bank as well as the banking industry in general.”<sup>9</sup> This first Integrated Monitoring System (IMS) identified banks that failed any of several predetermined ratio tests. Each FDIC regional office was directed to select a financial analyst to evaluate banks flagged by this off-site monitoring system. In 1985, the IMS was replaced by a statistical system designed to identify banks that were likely to be downgraded by bank examiners at their next examination. In 1986, a companion system was implemented to identify banks that were rapidly increasing their assets and perhaps increasing their portfolio risks. Refinements to these systems have been facilitated by improvements in the source information, technology, and analytical techniques. A system that more accurately forecasts potential downgrades to supervisory CAMELS ratings is now being implemented, in 1998, to detect adverse changes in institutions’ conditions between on-site examinations.

## 1979

*The FFIEC is established, formalizes efforts to coordinate Call Reporting requirements among the federal banking agencies.* The Federal Financial Institutions Examination Council (FFIEC) was established on March 10, 1979, pursuant to Title X of the Financial Institutions Regulatory and Interest Rate Control Act of 1978. The purpose of Title X was to create a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the examination of financial institutions by the federal banking agencies. The FFIEC comprises agency principals, who meet periodically to

<sup>8</sup> The FDIC practice has been primarily to fine banks that submit late reports and to initiate informal and formal enforcement actions—such as “memorandums of understandings” and “cease and desist” orders—against banks that file inaccurate reports.

<sup>9</sup> FDIC, *Annual Report 1977* (1978), xi.



discuss issues and approve interagency initiatives.<sup>10</sup> At the outset, the FFIEC established several formal interagency task forces. One, a Task Force on Reports, had the mission of developing uniform reporting requirements for federally supervised financial institutions to ensure that the periodic financial data fundamental to effective supervision are reported in consistent formats.<sup>11</sup> Establishment of the FFIEC brought senior agency officials into deliberations on issues involving the collection of banking-industry information.

## 1980

*The Paperwork Reduction Act of 1980 formalizes requirements for the federal banking agencies to consider burden when proposing to expand Call Reports.*

A several-step process has evolved for implementing changes to Call Reports as a result of the Paperwork Reduction Act. First, proposed changes are discussed within and among the agencies. The FFIEC's Task Force on Reports then develops the suggested changes into a more clearly defined set of proposed revisions. A 1995 amendment to the Paperwork Reduction Act requires that all proposed Call Report changes must be published in the *Federal Register* for a 60-day comment period. To ensure that the banking industry is aware of the proposal and to encourage industry comment, the task force notifies an Inter-Association Committee comprised of various groups that represent segments of the banking industry. The task force then evaluates the comments and presents final recommended changes to the FFIEC for approval. Or, the task force can approve changes under delegated authority. The agencies must then submit the final version to the U.S. Office of Management and Budget (OMB) for approval and must publish it for a 30-day comment period in the *Federal Register*. After the close of the second comment period, the OMB evaluates any comments received and determines whether to approve the final changes. The result of the Federal Paperwork Reduction Act has been closer scrutiny of reporting requirements by federal organizations, banks, and interested members of the public.

## 1981

*Call Report information is used by the private sector to rate banks.* A private-sector company developed a computerized rating system that analyzes Call Reports to assess the viability of any bank or savings association. Today, several companies in the private sec-

<sup>10</sup> The agencies represented are the Federal Deposit Insurance Corporation, the Federal Reserve Board, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the National Credit Union Administration.

<sup>11</sup> Previously an informal interagency "Call Report Committee" coordinated Call Reporting requirements among the banking agencies.

tor sell “bank ratings” derived from Call Reports. Both private and public entities use these bank ratings to avoid placing funds in weak banks, to select banks to do business with, and to otherwise monitor their business relationships with banks. At least one private-sector insurance company uses the ratings to underwrite “excess” deposit insurance coverage to protect large depositors in banks that have the strongest ratings.

## 1982

*The banking agencies develop bank performance reports and distribute them to the public.* Under the auspices of the FFIEC, the federal banking agencies collectively began disseminating Uniform Bank Performance Reports (UBPRs) that compare each commercial bank’s performance and condition ratios with those of a peer group. According to the UBPR’s *Users Guide*, “[t]he Uniform Bank Performance Report (UBPR) is an analytical tool created for bank supervisory, examination, and bank management purposes.” Bank supervisors subsequently developed similar reports covering bank holding companies (1982), savings banks (1990), and savings associations (1993). These reports include information on delinquent loans and are available to the public.<sup>12</sup>

## 1982

*Call Reports are expanded to support off-site risk analysis.* All commercial banks were required to report detailed information on delinquent and nonaccrual loans (enabling supervisors to assess credit quality) and on repricing opportunities in 1983 (enabling them to assess interest-rate sensitivity). Information on off-balance-sheet commitments and contingencies was expanded to include details on loan commitments, futures and forwards contracts, and other activities. Information on off-balance-sheet derivatives positions was significantly expanded in 1995. Most of the above information was—and is—also available to the public. In 1984, Call Reports were reorganized to simplify forms, reduce burden, and provide more information on foreign operations. The 1984 Call Reports contained from 20 to 26 pages, depending on bank complexity and instructions for preparing the Call Report contained nearly 150 pages. Beginning in 1989, savings banks supervised by the FDIC were required to submit the same Call Report forms that commercial banks filed. Currently, bank holding companies and savings associations file similar reports with their federal regulators.

<sup>12</sup> Generally, reports produced before 1982 that provided data on individual banks were not provided to the public.

## 1985

***The private sector supplies software to help banks prepare and submit Call Reports.***

Private industry developed and marketed PC software to help bankers reduce the amount of time required to prepare more accurate Call Reports. Three years later, the regulators permitted banks to submit their Call Reports electronically, using vendor software. In 1993, the Office of Thrift Supervision began providing savings associations with similar software, and required them to report electronically. All banks were required to submit their reports electronically beginning with the December 31, 1997, Call Report. Virtually all banks now use software purchased from the private sector to prepare and electronically submit Call Reports to their federal regulators.

## 1986

***Regulatory reporting requirements become more consistent with public reporting requirements.***

In 1986, the Financial Accounting Standards Board (FASB) issued the first of several new accounting standards having a significant effect on depository institutions. The FFIEC adopted FAS # 91 *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases* followed by numerous subsequent accounting pronouncements for Call Reporting purposes.<sup>13</sup> But certain accounting standards that the FASB had issued earlier in the 1980s raised supervisory concerns, so the FFIEC did not adopt them for bank regulatory reporting when they took effect for other financial reporting purposes.

## 1987

***Industry analysis is published quarterly.*** Responding to concern about the condition of the banking industry, the first issue of the FDIC *Quarterly Banking Profile* (fourth quarter 1986 data) was released at a news conference. The *Quarterly Banking Profile*— which contains composite balance sheets and income statements, along with industry performance and condition ratios derived from Call Reports, provides the most timely comprehensive summary and analysis of financial results for all FDIC-insured commercial banks and savings institutions.

<sup>13</sup> These subsequent statements include FAS 109, *Accounting for Income Taxes*; FAS 114, *Accounting by Creditors for Impairment of a Loan*; FAS 115, *Accounting for Certain Investments in Debt and Equity Securities*; and FAS 125, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.

## 1988

*Call Reports are used to project losses from potential bank failures.* FDIC economists developed a model that uses public Call Report and confidential supervisory data to estimate the loss on assets of failing banks. The model takes FDIC's collection experience (gross collections minus expenses) on previous liquidations into account to project losses on various loan categories and other assets reported in Call Reports. The projected loss figures generated by the model are compared with estimates formulated on-site by FDIC liquidation specialists, so the FDIC can evaluate private-sector bids on failing institutions and compare the costs of different resolution proposals.

## 1988

*International capital standards are adopted for banks engaged in international activities.* Bank regulators from industrialized countries adopted rules setting capital standards for credit risk exposure for internationally active banks based on the framework developed by the Basle Committee on Banking Regulations and Supervisory Practices ("Basle Accord"). U.S. federal bank regulators decided to apply these risk-based capital rules to all U.S. banks, becoming fully effective by December 31, 1992.<sup>14</sup> The FDIC uses these risk-based capital ratios—along with leverage capital ratios and supervisory safety-and-soundness CAMELS ratings—to strengthen supervision ("prompt corrective action") and implement a system (which became effective January 1, 1993) of risk-related deposit insurance assessments paid by banks.<sup>15</sup> In 1995, the FDIC created a Division of Insurance to administer risk-related deposit insurance assessments and to identify risks to the insurance funds. Because risk-based capital ratios are calculated with information reported in Call Reports, the public can evaluate banks' net worth using the same standards applied to U.S. banks by their regulators.

## 1989

*Expanded insurance responsibilities increases the scope and complexity of industry analysis and lead to the development of new analytical tools.* The Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) created a new Savings Association Insurance Fund (SAIF) administered by the FDIC. Thus, the FDIC became the federal insurer of deposits held by savings associations supervised by the Office of

<sup>14</sup> These rules were phased-in for U.S. banks beginning in 1990 and became fully implemented in 1992.

<sup>15</sup> The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) required risk-related assessments and prompt corrective action.

Thrift Supervision. Because Call Reports filed by savings associations differ from those filed by banks,<sup>16</sup> combining data from different Call Report forms to comprehensively assess the condition and trends in insured depository institutions becomes significantly more difficult. In 1992 the FDIC Division of Research and Statistics developed a data warehouse that normalizes data items over time and across different report forms for all FDIC-insured institutions, including banks and savings associations. This “Research Information System” database is the source for numerous FDIC statistical publications and analyses of insurance fund issues.

## 1993

*The FDIC begins disseminating its industry statistics and other banking publications on the Internet.* Initially, publications could be accessed via the Gopher facility. Now, numerous FDIC publications on banks and the banking industry are available to the public on the World Wide Web, in an interactive format that greatly increases the flexibility and usefulness of the data.

## 1993

*Efforts to use Call Reports to predict failures and establish loss reserves are formalized.* The FDIC Failure Prediction Working Group was formed. The group forecasts bank and thrift failures using a variety of statistical models as well as projections from on-site supervisory analysis, and takes economic conditions into account. Previously, failure forecasts had been largely constructed from information obtained from on-site examinations. In 1997, FDIC economists developed a new approach to project the FDIC’s liability for anticipated bank and thrift failures and determine the appropriate level for the FDIC’s contingent loss reserve. Since 1993, failure predictions and loss reserves for potential bank and thrift failures have been based on both Call Report data and on-site information.

## 1994

*Congress requires the federal banking agencies to simplify Call Reports and make them more uniform.* Section 307 of the Riegle Community Development and Regulatory Improvement Act directs the four federal banking agencies to develop a single report form for bank holding companies, banks, and savings associations to use in

<sup>16</sup> The Office of Thrift Supervision refers to Call Reports filed by savings associations as “Thrift Financial Reports.”

filing core information. Section 307 also requires the agencies to review the information they collect in supplemental schedules, and eliminate reporting requirements that are not warranted for safety-and-soundness or other public policy purposes. Banking agency staff expect that the core report and supplemental schedules specific to each type of institution will not be implemented until 2001 or later, to allow banks to focus on modifying their systems to become “year 2000 compliant.” In the interim, the agencies have reduced reporting differences between the reports filed by banks and those filed by thrifts. Uniform reports will reduce the amount of effort needed to manipulate data to compare various institutions with each other and over time.

## 1996

*Analytical information on individual banks is made available on the Internet.* Comparable financial information (Institution Directory System, or “ID”) on each FDIC-insured depository institution was made available to the public for the first time on the World Wide Web. ID allows clients to create lists of banks meeting specific criteria, obtain several years of data, compare banks with other banks or peer groups, and download information into spreadsheets. In the first six months of 1998, the public obtained more than 862,000 pages of banking information using the ID system. Complete Call Reports and Uniform Bank Performance Reports will soon be available to the public on various agency web sites.

## 1997

*The federal banking agencies adopt Generally Accepted Accounting Principles (GAAP).* To reduce reporting burden and make bank information more comparable with information reported to bank shareholders and investors, the federal banking agencies adopt GAAP as the reporting basis for recognition and measurement purposes in Call Reports. Call Reports contain from 29 to 36 pages, depending on bank size and complexity.